



COMMUNITY DEVELOPMENT DEPARTMENT HOUSING DIVISION

DATE: April 19, 2013

TO: Housing and Human Services Commission

FROM: Suzanne Isé, Housing Officer

RE: **Possible Rental Housing Impact Fee to Mitigate Impacts to Affordable Rental Housing Need** (Presentation and Public Hearing)

BACKGROUND

Pursuant to Council direction to staff in July 2012, staff has commissioned a study, prepared by Economic Planning Systems of Berkeley, CA, of the nexus between new market-rate rental housing construction and local demand for rental housing affordable to lower-income households. The intent of the study is to evaluate whether there is a need to impose an impact fee on new rental development in order to provide a funding stream for subsidized affordable rental housing, since the Palmer court decision eliminated the City's ability to require affordable rental housing as part of new rental housing developments, a practice referred to as "inclusionary zoning". The City of Mountain View recently enacted a fee of \$10 per square foot of new habitable space in new market-rate rental units, and several other cities around the state have enacted similar fees. Many other local jurisdictions are currently considering such fees, due to the Palmer case and loss of redevelopment agency funding for lower-income housing.

Planning and Housing staff held an outreach meeting for anyone interested in this proposal in late March. Approximately ten developers and building industry representatives attended, as well as two affordable housing developers, one affordable housing advocate, and one local resident. The study methodology and findings were presented by Darin Smith, principal of EPS, as part of a slide presentation. Several CDD management staff assisted in answering questions from the attendees. The nexus study will be finalized and released for public review in approximately one week.

DISCUSSION

Staff will provide a slide presentation that highlights the study methodology, key findings, and possible next steps for Sunnyvale. The slide presentation is available online at: Housing.InSunnyvale.com. Staff will be available to answer questions and provide more detail following the presentation.

Please note: the future hearing schedule may change slightly from that shown in the slide presentation, which was prepared several weeks ago.

RECOMMENDED ACTION:

Hold a public hearing to hear and consider public comments regarding a rental housing impact fee. Following the hearing, discuss and provide recommendation(s) to Council regarding a possible rental housing impact fee.